

United States Government

Department of Energy

memorandum

Richland Operations Office

DATE: April 15, 1999

REPLY TO
ATTN OF: BUD:JMP/99-BUD-079

SUBJECT: FY 2001 BUDGET FORMULATION FOR DOE RICHLAND OPERATIONS OFFICE
(RL) INTEGRATED PRIORITY LIST (IPL)

TO: James M. Owendoff, Acting Assistant
Secretary for Environmental Management
EM-1, HQ

Before we get into the FY 2001 budget information, RL wants to recognize again the efforts made to improve the FY 2000 budget by you, DOE Chief Financial Officer, Mike Telson, Secretary Bill Richardson, and others. We know the effort that was made to understand and verify the needs of the Environmental Management (EM) program, and then advocate that program within DOE, the Office of Management and Budget, and with the Clinton administration. The significant increase in Hanford funding proposed for FY 2000 compared to FY 1999 will go a long way toward solving our near-term compliance needs in FY 2000. We need your continued support in FY 2001.

The balance of this memorandum is in response to the various guidance memoranda issued for formulation of the FY 2001 budget. The various reports and data will be electronically submitted to EM-23 on April 15, 1999. The purpose of this memorandum is to:

- Confirm the electronic transmission plus provide additional data;
- formally request \$1,297 million to fully fund RL's FY 2001 compliance requirements and other critical needs as identified on the IPL; this request is based on our most current estimates; and
- formally request the \$606 million privatization set-aside funding required for FY 2001.

The April 15, 1999, draft allocation as constrained by the Headquarters required \$1,065 million FY 2001 target funding level will only allow RL to address our most urgent risks. These activities include moving spent nuclear fuel away from the Columbia River, pumping liquids from single-shell tanks, and supporting the 90 percent confidence case schedule for tank waste privatization, while maintaining minimum safety and essential services activities. In addition, the groundwater/vadose zone integration project is funded at a level which will provide for significant progress in development of a system assessment capability and initiation of critical science and technology tasks, and we will be able to prepare transuranic (TRU) waste for shipment to the Waste Isolation Pilot Plant (WIPP).

However, the current \$232 million shortfall at the \$1,065 million FY 2001 target funding level will result in severe impacts. These impacts include:

- Termination of all environmental remediation activities in the 100 and 300 Areas along the Columbia River (with the exception of groundwater pump and treat activities), shutdown of the Environmental Restoration Disposal Facility (ERDF) and termination of all interim safe storage work at the shutdown reactors;
- only partial support of the plutonium stabilization work at the Plutonium Finishing Plant resulting in non-compliance with the Defense Nuclear Facilities Safety Board's (DNFSB) 94-1 recommendation;
- no retrieval of buried TRU waste;
- continuation of significant threat to the nearby Columbia River and Richland City limits during a fire or seismic release scenario;
- inability to fully support the complete operation of the Waste Receiving and Packaging (WRAP) facility;
- increased risk to health and safety of site workers and disruption of cleanup projects due to inadequate funding of infrastructure requirements;
- further delay in the disposition of Pacific Northwest National Laboratory (PNNL) legacy waste; and
- non-compliance with numerous Tri-Party Agreement (TPA) milestones with risk of significant regulatory fines and penalties.

RL will attempt to reduce the projected shortfall by pursuing further efficiencies and seeking additional breakthroughs in new technologies and project baselines. However, we must point out that we have already achieved significant cost reductions particularly in the area of indirect costs. With constrained funding of \$1,065 million, it is highly unlikely that the shortfall can be fully closed with additional efficiencies or near-term breakthroughs.

We have included several attachments to this memorandum. These are:

1. A spreadsheet that shows the distribution of RL's draft funding allocations by EM project.
2. A hard copy of our IPL in the RL format. The electronic submission will be in the HQ required format.
3. A matrix that shows the allocation of the total IPL by the Chief Financial Officer/EM Peer Review Categories.
4. A "buyback list" that RL would use as a guide for what workscope would be funded should additional funds become available. Please do not strictly interpret it as a prioritized listing.
5. A list of the key themes that we heard during our recent public comment period. Our regulators, the Hanford Advisory Board (HAB) and other stakeholders expressed their deep concern about the inadequacy of the \$1,065 million target funding level. While in

general, the regulators, the HAB and commentors did not disagree with the prioritization approach; the impacts at the target case were almost universally deemed "unacceptable."

They expect more cleanup work to be done. In the joint Environmental Protection Agency/State of Washington Department of Ecology letter dated March 31, 1999, the regulators stated they "are not willing to renegotiate any TPA milestones due to lack of funding." The regulators and stakeholders sincerely believe that DOE has a legal and moral responsibility to meet its commitments to the region and the nation.

RL is presently working on a "Budget Comment Response" document. This document will respond to those comments directed to RL. We will forward comments directed to DOE HQ to your office for your office's response to the commentors.

6. A narrative description of RL's 85 percent decrement case. We did not develop an IPL or performance metrics for the decrement case. Our present planning baselines and supporting documents would not be traceable at this level. It is not possible to simply "walk up or down" RL's sitewide IPL. An 85 percent decrement case (i.e., a \$160 million reduction) would require a complete rework of our planning assumptions, priorities and baselines. With that large of a reduction, the current IPL is no longer valid.
7. A graphic which depicts how, based on our current baselines and the prospect of level funding, RL's "critical-needs gap," will continue to grow through FY 2004.

In summary, the known critical needs in FY 2001 for ORP and the balance of the EM work at RL significantly exceed the target funding level of \$1,065 million level. We must work collectively to provide critical needs funding to Hanford.

If you have any questions concerning this matter, you may call me, Richard T. French, Manager of the Office of River Protection, Lloyd Piper, RL Deputy Manager, or your staff may contact Jim Peterson, RL Budget Division, on (509) 376-6731.

James C. Hall
Acting Manager

Attachments